



# Budgets & Financial Management

# Budgets & Financial Management

- Spending informs budget
- Budget informs spending





**How will you use CACFP funds?**

**ANNUAL CACFP BUDGET**



**REMEMBER...**

Your costs do not determine  
your reimbursements

# Annual Budget Process

- Estimate reimbursements
- Estimate costs
- Identify how CACFP reimbursements will be used
  - Costs not included in budget are not allowable

# Annual Budget Process

- Estimate reimbursements
  - Realistic projection
- Start with last year's budget
- Review actual costs
- Make realistic cost projections
- Determine
  - How CACFP funds will be spent
  - Funding sources to cover remaining costs

# Annual Budget Process

- Guiding principles:
  - Is the item or service **necessary**?
    - Benefits eligible CACFP participants?
    - Supports food service operations?
    - Required for CACFP compliance?
  - Is the amount **reasonable**?
  - Is it an **allowable** expense?
    - See “Financial Management: Child and Adult Care Food Program” (FNS 796-2 rev. 4)

# Allocations

- Allocations are needed if the cost:
  - Benefits allowable and unallowable activities
  - Benefits both CACFP and other program areas
  - Benefits CACFP operations in multiple states
- Must determine whether a cost is direct or indirect (overhead)



# Allocations

- **Indirect cost:** Cost of items or services that have a common purpose to support overall operations and cannot be readily assigned to a specific program or funding source
- **Direct cost:** Cost of items or services that can be identified with a specific program or funding source

# Allocations

- **Indirect cost:** allocation or rate must be
  - Based on plan pre-approved by the State Agency
  - Approved by USDA Food & Nutrition Service
- **Direct cost:** allocation must be
  - Based on use or benefit
  - Pre-approved by the State Agency

# Labor Allocations

- Only the share of the wages and employer costs associated with CACFP-related labor may be paid with CACFP funds.
- Time distribution reports are required if
  - An allocation is required and
  - CACFP reimbursements will be used to pay for all or part of the employee's allowable wages or benefits.

# Budget Pitfalls

## Reimbursement Estimate

- Not using reimbursement calculator
- Overly ambitious projections
- Low projections

# Budget Pitfalls: Inadequate Reimbursement Projections

Estimated Annual CACFP Reimbursement Calculator			
Instructions: Fill in information in the yellow boxes with information from the corresponding box on the submitted claim. Values will calculate automatically in the grey boxes.			
In a typical month, how many participants do you have in each reimbursement eligibility category?			
# Free		Do NOT include at-risk participants	
# Reduced-Price			
# Paid			
Total Enrollment	0		
In a typical month, how many meals do you serve, by type, to eligible participants? Do NOT include meals or snacks served through the At-Risk Afterschool Meal Program.			
# Breakfast			
# AM Snack			
# Lunch			
# PM Snack			
# Supper			
If you participate in the At-Risk Afterschool Meal Program, how many months out of the year do you operate?			
# Months	0	Exclude summer and other closures. You may enter decimals to reflect partial months (ex. 8.5).	
In a typical full month of operation, how many meals do you serve to At-Risk Afterschool Meal Program participants?			
# Breakfasts	0	Breakfasts may only be claimed through At-Risk on weekends, holidays, or other non-school days.	
# Snacks	0		
# Lunches/Suppers	0		
2014-2015 Reimbursement Rates			
	Free	Reduced	Paid
Breakfast	\$ 1.62	\$ 1.32	\$ 0.28
Lunch/Supper	\$ 2.98	\$ 2.58	\$ 0.28
Snack	\$ 0.82	\$ 0.41	\$ 0.07
Cash-in-Lieu	\$ 0.2475		
Blended Reimbursement Rates			
Breakfast	\$ -		
AM Snack	\$ -		
Lunch	\$ -		
PM Snack	\$ -		
Supper	\$ -		
Cash-in-Lieu	\$ 0.2475		
Estimated Reimbursement			
Breakfast	\$ -		
AM Snack	\$ -		
Lunch	\$ -		
PM Snack	\$ -		
Supper	\$ -		
At-Risk Breakfast	\$ -		
At-Risk Snack	\$ -		
At-Risk Lunch/Supper	\$ -		
Cash-in-Lieu	\$ -		
Total Estimated Annual Reimbursement	\$ -		
Total Estimated Monthly Reimbursement	\$ -		

# Budget Pitfalls

- Overly ambitious projection

In a typical month, how many participants do you have in each reimbursement eligibility category?

# Free	50	<i>Do NOT include at-risk participants</i>
# Reduced-Price	1	
# Paid	5	
Total Enrollment	56	

In a typical month, how many meals do you serve, by type, to eligible participants? *Do NOT include meals or snacks served through the At-Risk Afterschool Meal Program.*

# Breakfast	1100
# AM Snack	
# Lunch	1100
# PM Snack	1100
# Supper	

Total Estimated Annual Reimbursement	\$ 68,904.00
Total Estimated Monthly Reimbursement	\$ 5,742.00

# Budget Pitfalls

- Realistic projection

In a typical month, how many participants do you have in each reimbursement eligibility category?

# Free	50	<i>Do NOT include at-risk participants</i>
# Reduced-Price	1	
# Paid	5	
Total Enrollment	56	

In a typical month, how many meals do you serve, by type, to eligible participants? *Do NOT include meals or snacks served through the At-Risk Afterschool Meal Program.*

# Breakfast	700
# AM Snack	
# Lunch	1000
# PM Snack	960
# Supper	

Total Estimated Annual Reimbursement	\$ 56,900.06
Total Estimated Monthly Reimbursement	\$ 4,741.67

**-\$12,000.94** annual difference

**-\$1,000.33** monthly difference

# Budget Pitfalls

- Low projection

In a typical month, how many participants do you have in each reimbursement eligibility category?

# Free	40	<i>Do NOT include at-risk participants</i>
# Reduced-Price	5	
# Paid	11	
Total Enrollment	56	

In a typical month, how many meals do you serve, by type, to eligible participants? *Do NOT include meals or snacks served through the At-Risk Afterschool Meal Program.*

# Breakfast	700
# AM Snack	
# Lunch	1000
# PM Snack	960
# Supper	

Total Estimated Annual Reimbursement	\$ 50,436.69
Total Estimated Monthly Reimbursement	\$ 4,203.06

**\$6,463.37** annual difference

**\$538.61** monthly difference



# Budget Pitfalls

## Labor Worksheet

- Required if paying staff with CACFP funds
- Must include all employees paid from CACFP
- Must have realistic hours ***per week*** on CACFP duties

# Budget Pitfalls: Actual hours worked

## Labor Worksheet

- Weeks/year
  - Paid holidays & vacation: 52 weeks
- Hours/year
  - Full-time, paid holidays & vacation: 2,080 hours
- Employer-paid taxes & benefits

# Budget Pitfalls

- Part-time worker

**i. Food Service Labor Budget Worksheet** *(insert additional lines for additional employees if necessary)*

1	2	3	4	5	6	7	8	9
Employee Name & Title	Ave. Hours per Week on CACFP Duties	Weeks of Work per Year	TOTAL Hours Worked per Year	Hourly Wages	CACFP-Related Annual Wages (Before Deductions)	Total Annual Employer Paid Taxes, Benefits, & Other Compensation	CACFP-Related Employer Paid Taxes, Benefits, & Other Compensation	Total
Angela Jones, Cook	30	48	1440	\$15.25	\$ 21,960.00	\$ 1,960.00	\$ 1,960.00	\$23,920.00
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
TOTAL :					\$ 21,960.00		\$ 1,960.00	\$ 23,920.00

# Budget Pitfalls

- Full-time worker

## i. Food Service Labor Budget Worksheet *(insert additional lines for additional employees if necessary)*

1	2	3	4	5	6	7	8	9
Employee Name & Title	Ave. Hours per Week on CACFP Duties	Weeks of Work per Year	TOTAL Hours Worked per Year	Hourly Wages	CACFP-Related Annual Wages (Before Deductions)	Total Annual Employer Paid Taxes, Benefits, & Other Compensation	CACFP-Related Employer Paid Taxes, Benefits, & Other Compensation	Total
Angela Jones, Cook	30	52	2080	\$15.25	\$ 23,790.00	\$ 2,730.00	\$ 2,047.50	\$ 25,837.50
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
TOTAL :					\$ 23,790.00		\$ 2,047.50	\$ 25,937.50

Note: Time distribution reports must be maintained to support allocation.

# Budget Pitfalls

- Full-time worker

## i. Food Service Labor Budget Worksheet *(insert additional lines for additional employees if necessary)*

1	2	3	4	5	6	7	8	9
Employee Name & Title	Ave. Hours per Week on CACFP Duties	Weeks of Work per Year	TOTAL Hours Worked per Year	Hourly Wages	CACFP-Related Annual Wages (Before Deductions)	Total Annual Employer Paid Taxes, Benefits, & Other Compensation	CACFP-Related Employer Paid Taxes, Benefits, & Other Compensation	Total
Angela Jones, Cook	30	52	1,560	\$15.25	\$ 23,790.00	\$ 2,730.00	\$ 2,047.50	\$ 25,837.50
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
					\$ -		\$ -	\$ -
TOTAL :					\$ 23,790.00		\$ 2,047.50	\$ 25,937.50

Full – time worker actually devoted only 1,560 hours to CACFP based on last year's records.

# Budget Pitfalls

## Budget Worksheet

- Unrealistic estimates
- No descriptions
- All expenses in CACFP-funded column

# Budget Pitfalls

<b># 2 Proposed Food Service Budget</b> <i>Include expenses associated with providing CACFP meals to eligible participants only. Do not report the total cost to your organization for overhead expenses or shared costs that support other programming areas; report only the portion of the cost associated with CACFP. The share of the cost must be associated with use or benefit to the CACFP. Contact your CACFP Specialist for more information on allocating shared costs.</i>						
Line Item	Est'd Monthly CACFP-Funded Amount	Est'd Monthly Non-CACFP Funded Amount	Line Item Total	Source of Non-CACFP Funds	Describe expenses and calculations for estimates	
<b>Food Service Management Company Contract</b> <i>Specify what contract includes (child food, infant food, utensils, etc.):</i>			\$ -			
<b>Food Service Labor*</b>	\$1,993.33		\$1,993.33		Cook's wages	
<b>Food</b>	\$3,400		\$3,400		Invoices, receipts	
<b>Non-Food Supplies</b> <i>(Cleaning products used in food preparation and service areas, dishes, utensils, etc.)</i>	\$250		\$250		Invoices, receipts	
<b>Equipment Rental</b>			\$ -			
<b>Kitchen Rental or Rent/Mortgage for Kitchen Space**</b>			\$ -			
<b>Utilities**</b>			\$ -			
<b>Vehicle Rental or Maintenance***</b>			\$ -			
<b>Transportation or Delivery Expenses</b> <i>(Gas, etc.)***</i>			\$ -			
<b>Other – Specify:</b>			\$ -			
<b>Total:</b>	<b>\$5,643.33</b>	<b>\$ -</b>	<b>\$5,643.33</b>			

# Budget Pitfalls

# 4	Total Monthly CACFP Budget				
		CACFP Funded	Non-CACFP Funded	Line Item Total	Source of Non-CACFP Funds
	<b>Estimated Monthly CACFP Reimbursement</b>	\$ 4,741.67		\$ 4,741.67	
	<i>Est'd Monthly CACFP Food Service Budget</i>	\$ 5,643.33	\$ -	\$ 5,643.33	
	<i>Esti'd Monthly CACFP Administrative Budget</i>	\$ -	\$ -	\$ -	
	<b>Total Monthly CACFP Budget</b>	\$ 5,643.33	\$ -	\$ 5,643.33	
	<b>Difference (Reimbursements Minus Costs)</b>	\$ (901.66)			

Without the additional support of Non-CACFP Funds,  
the center is \$901.66 over budget.

In other words, the center will not have enough money to cover its CACFP costs.



# Budget Pitfalls

# 2	<b>Proposed Food Service Budget</b> <i>Include expenses associated with providing CACFP meals to eligible participants only. Do not report the total cost to your organization for overhead expenses or shared costs that support other programming areas; report only the portion of the cost associated with CACFP. The share of the cost must be associated with use or benefit to the CACFP. Contact your CACFP Specialist for more information on allocating shared costs.</i>					
	Line Item	Est'd Monthly CACFP-Funded Amount	Est'd Monthly Non-CACFP Funded Amount	Line Item Total	Source of Non-CACFP Funds	Describe expenses and calculations for estimates
	Food Service Management Company Contract <i>Specify</i>					
	Line Item	Est'd Monthly CACFP-Funded Amount	Est'd Monthly Non-CACFP Funded Amount	Line Item Total	Source of Non-CACFP Funds	Describe expenses and calculations for estimates
	Food Service Labor*	\$ 1,091.67	\$ 901.67	\$ 1,993.34	Subsidy	Cook's wages; see labor worksheet
	Food	\$ 3,400.00		\$ 3,400.00		Average monthly food cost based on tracking infant & child food purchases from Sysco and Costco for the past six months.
	Non-Food Supplies <i>(Cleaning products used in food preparation and service areas, dishes, utensils, etc.)</i>	\$ 250.00		\$ 250.00		Average monthly supply cost based on tracking supply purchases from Sysco and Costco for the past six months.
	Total:	\$4,741.67	\$ 901.67	\$5,643.34		

# Budget Pitfalls

# 4	Total Monthly CACFP Budget				
		CACFP Funded	Non-CACFP Funded	Line Item Total	Source of Non-CACFP Funds
	<b>Estimated Monthly CACFP Reimbursement</b>	\$ 4,741.67		\$ 4,741.67	
	<i>Est'd Monthly CACFP Food Service Budget</i>	\$ 4,741.67	\$ 901.67	\$ 5,643.34	Subsidy
	<i>Est'd Monthly CACFP Administrative Budget</i>	\$ -	\$ -	\$ -	
	<b>Total Monthly CACFP Budget</b>	\$ 4,741.67	\$ 901.67	\$ 5,643.34	
	<b>Difference (Reimbursements Minus Costs)</b>	\$ 0.00			

With the addition of Non-CACFP Funds,  
the center is able to meet it's budget and cover all of its CACFP costs.



**How are you using CACFP funds?**

**DOCUMENTING & TRACKING**

# Documentation

- Procurement documents and contracts
- Itemized receipts and invoices
  - Delivery slips
- Labor costs:
  - Payroll records
  - Time distribution reports (*if needed*)
- Documentation to support allocations, such as
  - Mileage logs
  - Floor plan and lease/mortgage documents

# Labor Allocations

- Time distribution reports must be:
  - Done by the employee
  - Complete
    - Account for all activity (not just CACFP labor)
  - Filled out after the fact
    - Show actual time spent on various duties
  - Prepared at least monthly
  - Signed by the employee
  - Signed by the employee's supervisor

# Financial Management Resources



The screenshot shows a web browser window with the address bar displaying [osse.dc.gov/service/child-and-adult-care-food-program-cacfp-training-resources#Program-Management](http://osse.dc.gov/service/child-and-adult-care-food-program-cacfp-training-resources#Program-Management). The browser's toolbar includes navigation icons and several tabs: 'Apps', 'Bookmarks', 'Login Intranet', 'Listen Live Classical ...', 'Google', 'Google Advanced I...', 'Imported From IE', and 'The Child and Adult ...'. The main content area is divided into two columns. The left column contains a list of links under the heading 'General Education Development Tests (GED)', including 'Education Licensure Commission (ELC)', 'Elementary & Secondary Education', 'Enrollment and Residency', 'Grants Management', 'LEA/School Needs Assessment: ESL/Bilingual Education Program', 'Office of Dispute Resolution', 'Post-Secondary Education' (with sub-links for 'College Application Week', 'DC OneApp Service', 'DC Tuition Assistance Grant (DC TAG)', 'OSSE Scholars', 'United States Senate Youth Program (USSYP)', 'Contact', 'Post-Secondary Career & Education Conference', and 'Adult College Completion Initiative (ACC)'), 'Public Charter School Financing and Support', and 'Race to the Top'. The right column is titled 'By Topic' and features a section 'Program Management' with a list of resources. A green rectangular box highlights the following items in this list: 'Claim Calculations and Recalculations', 'Claims for Reimbursement', 'Financial Management', and 'Financial Management, Procurement, & Budget Refresher for FY 2015'. Other resources listed include 'State Agency FY 2014 Memoranda', 'CACFP Resources', 'Providing Updates to the State Agency', 'Record Keeping Requirements', 'Permanent CACFP Records', 'Income Eligibility Statement and Letter to Households', 'Enrollment and Annual Duties', 'Monthly, Daily, and As-Needed Duties', 'Attendance and Meal Count Procedures', 'Soy Milk Notification Form & Medical Substitution Form', 'Production Records', 'Administrative Review Process', 'Monitoring Requirements', 'Serious Deficiency Process', 'Serious Deficiency Process - Family Day Care Home', 'Serious Deficiencies for Institutions', and 'Serious Deficiencies for Family Day Care Home Providers'.

General Education Development Tests (GED)

- Education Licensure Commission (ELC)
- Elementary & Secondary Education
- Enrollment and Residency
- Grants Management
- LEA/School Needs Assessment: ESL/Bilingual Education Program
- Office of Dispute Resolution
- Post-Secondary Education
  - College Application Week
  - DC OneApp Service
  - DC Tuition Assistance Grant (DC TAG)
  - OSSE Scholars
  - United States Senate Youth Program (USSYP)
  - Contact
  - Post-Secondary Career & Education Conference
  - Adult College Completion Initiative (ACC)
- Public Charter School Financing and Support
- Race to the Top

**By Topic**

**Program Management**

- State Agency FY 2014 Memoranda
- CACFP Resources
- Providing Updates to the State Agency
- Record Keeping Requirements
- Permanent CACFP Records
- Income Eligibility Statement and Letter to Households
- Enrollment and Annual Duties
- Monthly, Daily, and As-Needed Duties
- Attendance and Meal Count Procedures
- Soy Milk Notification Form & Medical Substitution Form
- Production Records
- Claim Calculations and Recalculations
- Claims for Reimbursement
- Financial Management
- Financial Management, Procurement, & Budget Refresher for FY 2015
- Administrative Review Process
- Monitoring Requirements
- Serious Deficiency Process
- Serious Deficiency Process - Family Day Care Home
- Serious Deficiencies for Institutions
- Serious Deficiencies for Family Day Care Home Providers

[osse.dc.gov/cacfp](http://osse.dc.gov/cacfp) → “Training Resources” under Resources for Current CACFP Participants

# Financial Management Resources

<b>F</b> ood & <b>N</b> utrition <b>S</b> ervice	<b>FNS INSTRUCTION</b>	NUMBER
	U.S. DEPARTMENT OF AGRICULTURE 3101 PARK CENTER DRIVE ALEXANDRIA, VA 22302-1500	796-2 Rev. 4

ACTION BY: Regional Directors  
Special Nutrition Programs

INFORMATION FOR: Regional Offices  
State Agencies

**FINANCIAL MANAGEMENT -  
CHILD AND ADULT CARE FOOD PROGRAM**

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